

Managing the Customer Relationship with Simple Tools: An Australian SME Case

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Abstract

This paper explores the efforts made by an Australian based security monitoring firm in its attempts to manage customer relationships without implementing a costly technology driven solution. This case study research presents an executive level view of how the firm utilised technology, information and business processes to manage customer interactions and hence customer relationships. The key concepts presented from the literature are customer relationship management (CRM), information management and cycle time reduction. While the organisation does specifically identify that a CRM initiative has been instigated, the findings of the case show that concepts from information management and cycle time reduction can be applied to customer interactions which can then assist in managing customer relationship can become a simpler task. Successfully managing the customer relationship is of paramount importance to the security monitoring firm and as such CRM is managed with existing technology and process improvement.

Introduction

In most cases people think of customer relationship management (CRM) as an expensive technology driven solution [14, 20] aimed at providing a single view of the customer across the entire organisation. However, the innovative use of information communications and technologies (ICT) coupled with information management techniques and a reduction in the report creation and distribution cycle times have seen one Australian based small to medium-sized enterprise (SME) manage their customer relationships without the need for an expensive technology driven solution.

The subject of this study is an Australian security monitoring firm and the research focus is to examine the methods and practices undertaken by this organisation to manage its customer relationships. This case study research adds to our contextual knowledge of managing customer relationships by presenting an executive level 'snap shot' of how the security monitoring firm has utilised technology, information and business processes to manage customer interactions and hence improve customer relationships.

The findings presented in this paper are also a useful addition to our knowledge of SMEs. In particular how SMEs overcome a lack of skilled resources and a focus on daily business operations to derive solutions which ultimately lead to

improved customer satisfaction. To date little research has been undertaken in this area, particularly in the Australian environment.

The paper is organised in the following manner: the first section provides a brief overview of customer relationship management; the concepts of information management and cycle time reduction are then introduced; details of the research approach and methodology are then stated; and the field site is then presented including an outline of the findings. Finally the key points are summarised and conclusions drawn.

Customer Relationship Management

Most people think of CRM as an expensive technology solution aimed at managing interactions with the customer. But, as customers make a significant contribution to an organisation's capital [3] CRM is far greater than just a customer interaction. Zablah et al [20] found that after a review of academic literature and material available in the popular domain some 45 different definitions of CRM. Therefore a common definition of CRM would seem to be in the best interests of all concerned.

While it is not the purpose of this paper to propose a definition of CRM a good definition is provided by Greenberg (cited in [20]) who states

[CRM]...isn't a technology. As you will see, that's true, but not strictly. I also heard that it was a 'customer facing' system. That it is a strategy and/or a set of business processes. A methodology. It is all of the above or whichever you choose.

For CRM to be successful within an organisation it must be many things. This notion is put forward by Zablah et al [20] who discuss CRM as a:

- Process – the customer relationships develop over time
- Strategy – a customer's lifetime value to the organisation determines the quality of the relationship
- Philosophy - the building and maintaining long-term customer relationships
- Capability – organisations adapt or modify their behaviour towards individual customers or groups of customers
- Technology – technology plays a substantial role in CRM, although CRM is much more than technology

Other authors support this view of Zablah et al. Reinartz et al [18] discuss the CRM process. McGovern and Panaro [15] mention the implementation of a CRM strategy and the appropriate leading-edge technology solution. Payne and Frow [17] discuss CRM in terms of a philosophy, a strategy and a technology solution. CRM could be best summed as a management approach that endeavours to create, develop and enhance customer relationships to maximise customer value, corporate profitability and therefore shareholder value [17].

While the CRM research reviewed and described above is focussed at an overview level that is, defining CRM. There appears to be a deficiency in the research and literature regarding attempts by organisations to manage the customer relationship from a practical standpoint. More specifically there appears to be an absence of literature providing a senior management view of workable solutions in managing the customer relationship in the SME sector. Therefore much more research needs to be done in this area.

Information management and cycle time reduction will now be introduced as concepts rather than providing an overview of the literature in these areas. The reasoning behind this is that these concepts will be used to help define the efforts made by the subject organisation in managing the customer relationship.

Information Management

The key to the success of an organisation's business dealings with its customers may well be information. That is, information gained about or from the customer and information to be provided to the customer. This information will form the backbone of the business-customer relationship and may help foster improved customer relationships. Corbitt [5] describes information management as a method of supporting organisations in the business environment of the 21st century.

Information management focuses on the exploitation and development of an organisation's information assets with a vision of advancing organisational objectives [5]. Dearstyne [6] uses the term strategic information management (SIM) to broadly define 'the imaginative, systematic management and use of information to achieve objectives that are clearly aligned with and contribute to the organisations objectives'.

Ward and Peppard [19] discuss the importance of information as a key organisation asset and a core business resource. They describe information management as 'a set of activities associated with developing and managing the information resource'. Consequently a well managed set of information resources can be considered essential to business operations.

Cycle Time Reduction

Time is mechanism that stops everything happening at once. If used effectively time can help an organisation compete for market share and it can be argued that time is a competitive weapon [14] and a fundamental business performance variable [9].

Reducing cycle time has always been an area available to organisations to reduce costs and become more efficient [10, 13]. By reviewing business processes to determine wasted time or effort, cycle time reduction leads to enhanced and simplified processes that achieve the same results more efficiently. By placing an emphasis on cycle time reduction, companies are in a position to reduce delivery times, improve quality and therefore increase customer satisfaction [9].

As customers demand individualised value from their suppliers, the ability to be innovative with information communications and technologies (ICT) [7, 12] can dramatically improve the flow of information to the customer. Along with business process improvement, ICT is the other major factor to impact cycle time.

Mason-Jones and Towill [14] state that in order to make the most out of cycle time reduction, the process should be viewed from an overall perspective. This will ensure that all facets of the process, both internal to the organisation and external to the organisation are taken into account. A supply chain is only as good as all participants in the chain, not just the participant who delivers the final product [14]. Therefore of utmost importance in such a process is information sharing among the participants.

Research Approach and Methodology

The field site documented in this paper was part of a larger project titled "An investigation into the perception and status of the IS&T function within the organisation". The aim of this larger project was to examine: the general perception of the IS&T function's responsiveness at various levels of management within an organisation; the status of the IS&T function within its organisation; and the issues affecting both the perception and status of the IS&T function.

The richness of the data obtained during this project has allowed for the further in-depth analysis of the data in different areas than first envisaged. Hence the ability to consider the efforts made by the security monitoring firm to manage the customer relationship has eventuated.

The focus of this study is to examine the efforts made by the security monitoring firm to manage the customer relationship. The study adds to our contextual knowledge of this area by presenting an executive level 'snap shot' of how the security

monitoring firm has utilised technology, information and business processes to manage customer interactions and hence improve these relationships.

Methodology

This single case study uses an interpretive approach as the intention of the research is to understand how the organisation approaches the management of the customer relationship. Yin cited in Myers & Avison [16] describes a case study in the following terms:

A case study is an empirical inquiry that:

- Investigates a contemporary phenomenon within its real-life context especially when
- The boundaries between the phenomenon and context are not clearly evident.

Case study research provides a rich contextual data obtained from an organisational setting rather than study the issue from the technical side [4]. Yin cited in Duhan et al [8] states that a single case study has the ability to increase our understanding of situations. While the results are not generalisable, the insight and understanding gained from the research provides rich and valuable of the given context [8].

The case study uses a qualitative approach to the collection of data. The strength of qualitative research is its ability to focus on actual practice [8]. Data were captured in two on-site semi-structured interviews of approximately 45 minutes to one hour and via analysis documentation available from the organisation's web site. The interviews were conducted with three members of the executive team from the organisation as follows:

- The Chief Executive Officer (CEO);
- The General Manager of Operations (GMO); and
- The Group IT Manager (GITM).

The interviews were audio recorded and initially transcribed in note form before a full word for word transcription of the audio recording was performed. Where further clarification was required, follow-up phone calls were conducted with the relevant interview participant to obtain the desired information. For this case study, follow-up phones were conducted with the GMO.

Analysis of the data was conducted using thematic analysis [1] which allows common themes across a series of data to be identified (in this case across the semi-structured interviews). The organisation was selected due to the nature of the business and the intensive use of IS&T for all interactions with the customer base.

Each semi-structured interview was based on a set of broad general themes which were developed (for the larger project) following a review of the IS

literature. The themes covered areas such as: the image of IS&T within the organisation; the value of IS&T to the organisation; the operational responsiveness of IS&T; the technical capability of IS&T; the service orientation of IS&T; and finally the alignment of IS&T to the business needs of the organisation.

The Field Site - The Security Monitoring Firm

This organisation is a supplier of household and corporate electronic security systems and provides a national sales and service capability through headquarters in Sydney and branch offices in major cities throughout Australia and New Zealand supported by a network of authorised dealers. At present the organisation has 350 employees. The organisation is therefore classed as an SME. The Australian Government [2] provides a three step definition of a Small Medium-Sized Enterprise (SME) ranging from a micro enterprise employing one to three staff, a small enterprise employing up to 20 staff in the services industry and up to 100 in the manufacturing industry and a medium enterprise employing up to 500 staff. IDC Australia [11] concurs by defining an SME as a business with 1 to 499 employees.

The product range offered by the organisation covers four main areas as follows:

- Round the clock (24 hour) back-to-base alarm monitoring for home, personal, medical and corporate purposes;
- Closed circuit television (CCTV) surveillance systems for both the home or business;
- Access control security systems for buildings; and
- Electronic fencing for high target theft areas for example car yards, farms and wineries.

According to the CEO, "round the clock alarm monitoring is the main area of business". As such information technology (IT) is integral to the running of the organisation as the alarm monitoring system is based on servers, software and telephony at three central monitoring stations located in Australia and New Zealand. It is in this area of the business that continual interaction with the customer occurs. That is the daily around the clock monitoring of customer alarms and providing the customer with information pertaining to the alarm monitoring.

The CCTV surveillance may also have a component of customer interaction (that is if the security monitoring firm do the actual monitoring, but as the CEO pointed out "very few customers take this option due to its high cost"). The remaining two product offerings are sold to and installed for the customer and the GMO stated that any post-sales

interactions “are normally restricted to upgrades, warranty or maintenance purposes”

The CEO also stated that “IT is the most important section of the organisation as our alarm monitoring stations are operational 24 x 7¹ which can be monitoring life threatening situations”. This was also supported by the GMO and the GITM who both referred to importance of the 24 * 7 operation due to the fact that “we monitor life and death situations”.

The GMO further commented that

“Uptime (and hence designated maintenance times) and information are critical in an operation such as the organisation must capture all incidents and alarms regardless of the criticality. System and data backups are also essential and we have a reporting requirement with many of our customers.”

The ability to manage information is crucial to the organisation and managing customer information is paramount to the organisation. The following scenario was provided by the GMO to highlight the criticality of customer data.

“In any given month we handle approximately 1.7 million alarm transactions all of which must be processed. Luckily not all transactions are actionable. However, all transactions must be captured for potential further processing. Managing this amount of data, converting it into a meaningful form, and storing it for further processing and reporting is a very important aspect of the alarm monitoring process”.

Simple tools are used to manage the customer relationship on a day to day basis. Email is used as a communication tool and telephones are also a very important component of the business because if the telephone lines are down then monitoring cannot be performed. In fact, telephony is as important as email to the organisation. Reports to customers are distributed by automated faxes or email and email is used for routine correspondence with customers. The following example of the importance of telephony was provided by the GITM.

“There was a problem with the monitoring system a few months back and we tried everything to find the cause of it with our monitoring hardware and software and finally we identified it to be in the telephone system and not even at our site or any of our customer’s sites. Since the phone system is an integral part of the overall monitoring product we own the

problems even if they may not under our direct control.”

Both the GMO and the GITM commented that recent upgrades to alarm monitoring hardware and software in the central monitoring stations had dramatically improved turnaround times for reporting (both internally and to the customer). With the improved technology, processing times have been considerably reduced. To quote the GMO;

“We have seen our reporting timeframes dramatically reduced. The cycle time to generate, validate and disseminate reports has been cut from 4 to 5 hours down to 5 to 10 minutes in some instances. The internal financial department has been the big winner, but this also has a flow on effect to the customers”.

The organisation recently undertook an anonymous survey of all customers. The survey was conducted with an open mind as the organisation felt that any feedback (good or bad) will in essence provide good feedback for the organisation. The following quote was provided by the GMO.

“We found opportunities to improve our customer service and to strength our relationships. The survey results provided information that enabled the branch offices to be rated against each other and identified areas for improvement in dealings with our customers.”

The organisation has recently completed a project to redevelop their web site. The web site is now interactive where customers or potential customers can download forms and other required information. Existing customers can log on at the web site and obtain secure information relevant to their customer account and security industry newsletters. A specialist firm was engaged for the project and to quote the CEO

“I must say what they have done is looking pretty good. You can glean a lot of information from the web site and depending on how it is portrayed it is either professional or not and that’s important”.

Discussion

The security monitoring firm has developed practical solutions to managing the customer relationship. These solutions revolve around the use of current technologies in place and utilising concepts and techniques from the field of information management and in the area of cycle time reduction.

Based on the definitions given earlier in the paper, information management can be simply defined as the processes required to create, develop and

¹ 24 x 7 refers to the availability of the alarm monitoring stations. They must be available 24 hours a day, 7 days a week

manage information. Ward and Peppard [19] identify Information as a key organisation asset and a core business resource and note that a well managed set of information resources can be considered essential to business operations. As identified in the case study, information is critical to the nature of the security monitoring firm's business. With a need to process and capture 1.7 million alarm transactions per month which all have the potential for further processing an information management outlook certainly needed. The ability to convert this raw data in meaningful information for dissemination within the organisation and to customers is vital. Without a framework to manage and control this activity, the potential for incorrect information being provided to customers would be devastating. While information management is not specifically identified as the means to capture, manage and distribute information the security monitoring firm can be seen to follow these principles. This is one technique used in managing the customer relationships and has a further benefit in helping to improve and sustain customer satisfaction.

Innovative use of ICT can aid the management of customer relationships by improving information flow [7, 12]. The security monitoring firm use existing technology to manage the customer relationship on a daily basis. The use of email, telephones and the company web site as a communication tools have helped the organisation to 'stay connected with their customers'. Any problems with communication technologies are critical in the security monitoring business because "if you cannot monitor alarms you have no business" commented the CEO. Customer reports are distributed by automated faxes or email so the telephony is extremely important in our relationship with the customer as the information that flows to the customer is managed by technology. By providing some simple processes coupled with existing technology the security monitoring firm has made sound efforts in this area in relation to managing the customer relationship by providing the required information through a simple and easily useable mechanism

Cycle time reduction is an area where organisation can reduce costs and improve efficiency [10, 13] by reviewing process to determine wasted effort and/or time. Improvement in ICT is another area that can help to reduce cycle time. Recent upgrades to alarm monitoring hardware and software in the central monitoring stations have dramatically improved turnaround times for reporting by reducing internal processing time and the time taken to collate financial reports and statements. This (internal process improvement) can be considered as another factor that helps to manage the customer relationship by providing customer reports in a more timely fashion.

By undertaking an anonymous survey of all customers the security monitoring firm was able to obtain an extremely good understanding of the relationship between their customers and themselves, the satisfaction levels of their customers and areas where customer relationships and satisfaction could be improved. Again a simple tool has proved its worth as a mechanism in managing the customer relationship.

Following the redevelopment of the company web site customers or potential customers are now able to access much more information than was previously available through this media. Information can be downloaded and existing customers are able obtain customer specific information and security industry newsletters. This is seen as another example of the use of simple tools and information to manage the customer relationship.

Conclusion

This paper offers an insight into how an Australian security monitoring firm manages its customer relationships. The paper also presented various definitions of CRM and considered the role of information management and cycle time reduction as tools and techniques to assist an organisation in the management of customer relationships.

It has been shown that using of existing technologies, the techniques associated with information management and concepts taken from cycle time reduction that customer relationships can be managed. An expensive technology solution and major business change throughout the organisation are not always the only answer to managing customer relationships.

Finally it can be said that the security monitoring firm does consider several of the views put forward by Zablah et al [20], in relation to the definition of CRM, as important to managing the customer relationships. These are CRM as a process, CRM as a philosophy and CRM as a technology. It is beyond the scope of this research to investigate each of the areas in more detail however this may prove to be an interesting case study in its own right in the future.

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